

# **GUIDELINES FOR OPEN AND COMPETITIVE SELECTION PROCESS FOR AWARDING OF GEOTHERMAL RE SERVICE CONTRACT**

Requisites for documentation to be submitted by proponents in the open and competitive selection process for geothermal are outlined in Department Circular No. **DC2009-07-0011**.

## **General Information**

1. Proponent may be any natural or juridical, local or foreign individual or company or group of companies forming a joint venture (JV) or a consortium.
2. If a counter proposal involves a joint venture or consortium, the partners of the joint venture or the members of the consortium shall organize themselves as a corporation registered under the Corporation Code of the Philippines. Further, the JV consortium company shall state the following in the proposal:
  - a. Name of joint venture or consortium partners
  - b. Participating interest of each partner
3. The DOE shall award to the proponent with the best counter proposal one Geothermal RE Service Contract for each Predefined Contract Area (hereinafter called Contract Area) as provided in the open and competitive selection process Contract Area Map for Geothermal. The Contract Areas shall be annotated as on the said map (e.g. Contract Area 1)
4. Submitted counter proposals shall be in both paper and digital (CD-ROM in Microsoft Word, \*.pdf, or a web-legible format) copies. Times New Roman 12 font and single line spacing is recommended. Figures shall be submitted in an appropriate format, no larger than A3 size. If necessary for legibility, figures and maps may be submitted at a larger scale as appendices.
5. Proponents shall submit three (3) complete sets of documentary requirements for evaluation by the RE Review Committee (RC). A non-refundable application fee of PhP 100,000.00 per area shall be paid by the proponent upon submission of the proposal. The winning proponent shall be charged a processing fee of PhP 1.20/hectare based on DOE's Schedule of Fees and Charges in compliance with EO 197.
6. Both the original paper copy and the digital copy of the counter proposal shall be sent by courier, registered mail or hand delivered to:

**OIC-Asst. Secretary Mario C. Marasigan**

Department of Energy  
Energy Center, Merritt Road  
Fort Bonifacio, Taguig City  
Metro Manila, Philippines  
Telefax: 840-2268  
Email: mmarasig@doe.gov.ph

All areas for open and competitive selection process will be posted by the Department of Energy (DOE) in its website. Invitation for open and competitive selection process shall be published once every week for three (3) weeks in at least two (2) newspaper of general circulation and in the DOE website.

All proposals shall be in at the time the open and competitive selection process closes on November 23, 2009 at 1500 hrs Philippine time.

The RE Review Committee shall open the submitted documents on the next working day after the closing of the round at 1000 hrs Philippine time to check for their completeness against the prescribed checklist. Counter proposal with incomplete documents shall be disqualified from the open and competitive selection process with the submitted documents returned to RE proponent while order of payment will be issued to RE proponent having complete documentary requirements.

Evaluation of the technical and financial qualification of the proposal shall proceed only after the RC has found that all legal requirements of the proponent are complied with.

Evaluation of the complete counter proposals will be based on the legal, technical and financial criteria set by RE Review Committee. Evaluation will be done right after the determination of completeness of the submitted counter proposals and at reasonable time set by RE Review Committee. The RE proponent shall be notified by REMB of the results of its evaluation.

The RE proponent who got the highest point based from the criteria set by REMB will be considered as the best counter proposal and will be awarded a Geothermal RE Service Contract.

In the case of Maibarara, the winning proponent will assume the expenses for the maintenance of the wells. This will form part of the transitory provision of the contract.

7. The following documentation shall be included in the counter proposal:

**Documentation Requirements**

A brief summary of the proposal shall be given.

<b>PROPONENT's NAME :</b> <b>Nature of application : Geothermal RE Service Contract</b> <b>Location :</b> <b>Area No. :</b> <b>No. of Hectares :</b>	
<b>HIGHLIGHTS OF CONTRACT TERMS FOR GEOTHERMAL</b>	
<b>CONTRACT TERM</b> Pre-Development Stage Development Stage	2 years exploration period + 2 years extension + 1 year extension 20 years production period + renewable for not more than 25 years
<b>Signature Bonus</b>	Negotiated but not less than PhP 500,000 , onetime payment
<b>Development Assistance</b>	Negotiated but not less than PhP 500,000 in kind
<b>Training Assistance Program</b> Pre-Development Stage Development Stage	US\$ 15,000 per year cumulative US\$ 40,000 per year cumulative
<b>Community Development Program</b>	PhP 500,000
<b>Income Tax</b>	7 years Income Tax Holiday
<b>Corporate Income Tax</b>	Reduced Rate of 10% after Income Tax Holiday
<b>Government Share</b>	1.5% of gross income
<b>Importation</b>	10 years duty-free importation for equipment, machinery, spare parts and materials directly, actually and exclusive used for geothermal operation

**A. Work Program Documentation**

- A.1 Work program (discussion on the application of the different exploration strategies and methodologies to be employed in delineating geothermal resources at depth with subsequent manpower complement shall be in detailed narrative format and the Schedule of Activities in Gantt Chart) and minimum expenditure on annual basis for each activity with respect

to the area or areas specified in the proposal as well as discussion on the environmental protection/conservation measures and social acceptability plans, etc. of the proposed activities; and

- A.2 Detailed presentation of data and information in narrative form (such as geology, stratigraphy, geochemistry, geophysics, fluid composition, resource estimate, resource indicators etc.) indicating presence of geothermal resources at depth.

## **B. Financial Documentation**

### **B.1 Annual Report or comparative Financial Statements**

- Audited financial statements and annual reports for the last two (2) years or comparative audited financial statements not more than six (6) months at the date of filing;
- If latest audited financial statements are unavailable, unaudited financial statements not more than three (3) months at the date of filing may be submitted
- Particulars of the kind of financial resources available to the proponent including capital, credit facilities and guarantees so available;
- For newly-organized subsidiary corporations with insufficient funds to finance the proposed work program, a financial statement of the proponent's Parent Company shall be submitted together with the Parent Company guarantee for full financial obligation. If the Parent Company is a foreign company, the guarantee shall be duly authenticated by the Philippine Consulate Office ; and
- Certified true copy of latest annual income business tax returns filed with the Bureau of Internal Revenue, and duly validated with the tax payments made thereon, if applicable.

### **B.2 Projected Cash Flow**

- Projected cash flow covering a two (2)-year period to include the sources of funds for future activities

### **B.3 List of company-owned equipment/facilities available for the proposed geothermal projects.**

**NOTE:** Minimum working capital must be equivalent to one hundred percent (100%) of the cost of the work obligation for the first year of the Exploration Period on the Contract Area being applied for.

- Working capital refers to the company's liquid assets [liquid assets consisting primarily of cash, temporary investments (marketable securities), short-term receivables and deposits] less current liabilities. It should be net of the financial commitment from other existing service contracts (if applicable)

## **C. Technical Documentation**

- C.1 Technical and industrial qualifications, eligibilities and work related experiences of the proponent and its employees;
- C.2 Technical and industrial resources available to the proponent for the exploration, development and production of geothermal resources;
- C.3 Experiences, achievements and track records of the proponent and its employees related to technical and industrial undertakings; and
- C.4 Organizational and management structure of the proponent

## **D. Legal Documentation**

### **Local/foreign company, corporation or joint venture**

- D.1 Certified true copies of the following:

- Articles of incorporation;
- By-laws of the proponents;
- Securities and Exchange Commission (SEC) Registration; and
- Company Profile and/or latest general information sheet submitted to the SEC

D.2 Original Copy of the Certificate of Authority from the Board of Directors of the proponent authorizing a designated representative (s) to negotiate the Service Contract. The said Certificate of Authority shall be executed under oath by the Corporate Secretary and, if executed abroad, shall be properly authenticated by the Philippine Consulate Office.

### **For Individual or Single Proprietorship**

D.3 NSO certified true copy of the following:

- Birth certificate
- Business and other applicable permits

E. Other Documentations

E.1 Letter of Intent/Application

E.2 Duly accomplished RE Contract Application Form

E.3 Map showing the applied area (RE area of application: geothermal must conform with the DOE Blocking System)

E.4 Application/Processing fees; and

E.5 Counter proposal to Geothermal RE Service Contract template, if any.

### **Summary**

The counter proposal shall only include data, analyses, calculations, interpretations and studies that are relevant to the Contract Area applied for. All studies that are employed in the evaluation of the Contract Area shall be reviewed in a summary containing both conclusions and the arguments for the relevance of the study.

To facilitate easy identification and proper labeling of the proposal, the headings in the guidelines for the open and competitive selection process for geothermal shall be used.

Department Circular No. DC2009-07-0011 otherwise known as Guidelines Governing a Transparent and Competitive System of Awarding Renewable Energy Service/Operating Contracts and Providing for the Registration Process of Renewable Energy Developers) specifies the minimum legal, technical and financial requirements for a proponent applying under the Geothermal RE Service Contract system.

Details of the open and competitive selection process for geothermal will be posted at [www.doe.gov.ph/pecr2009](http://www.doe.gov.ph/pecr2009).